

Message Text

SECRET

PAGE 01 STOCKH 04230 070826Z

15

ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W

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P R 061437Z AUG 76

FM AMEMBASSY STOCKHOLM

TO SECSTATE WASHDC PRIORITY 8315

INFO AMEMBASSY CANBERRA

AMEMBASSY ISLAMABAD

AMEMBASSY NEW DELHI

AMEMBASSY VIENNA

S E C R E T STOCKHOLM 4230

EXDIS

DEPT PASS SECDEF AND CSAF FOR INFO

E.O. 11652: GDS

TAGS: MASS, PFOR, BEXP, SW, IN

SUBJECT: SAAB-SCANIA REQUEST FOR U.S. PERMISSION TO EXPORT

VIGGEN AND LICENSE TO INDIA

REF: STATE 192694(NOTAL)

1. IN RESPONSE TO MY REQUEST, SAAB-SCANIA PRESIDENT CURT MILEIKOWSKY CALLED AT MY OFFICE THIS MORNING. DRAWING ON REFTEL, I INFORMED HIM THAT USG, AFTER CAREFUL CONSIDERATION, HAS CONCLUDED THAT NO VERSION OF THE VIGGEN CONTAINING ANY CLASSIFIED U.S. COMPONENTS WOULD BE ACCEPTABLE FOR TRANSFER TO INDIA. I SAID USG WOULD ALSO OPPOSE ANY TRANSFER TO INDIA, FOR LOCAL PRODUCTION, OF THE ADVANCED U.S. TECHNOLOGY REPRESENTED IN THE VIGGEN'S AERODYNAMIC DESIGN, ENGINE AND FLYING CONTROLS, NAVIGATION SYSTEM, ELECTRONIC COMPONENTS AND WEAPONS SYSTEMS. I SAID THAT ALTHOUGH A FORMAL USG RESPONSE ON THIS ISSUE WOULD REQUIRE A FORMAL APPLICATION BY GOS FOR REEXPORT OF U.S.-ORIGIN EQUIPMENT TO INDIA, IN THE EVENT THE GOS WERE TO MAKE SUCH A REQUEST, A NEGATIVE RESPONSE COULD BE ANTICIPATED.

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2. ALTHOUGH MILEIKOWSKY WAS NOT SURPRISED AT OUR RESPONSE, HE WAS CLEARLY DISAPPOINTED. HIS INITIAL REACTION WAS TO COMMENT THAT SWEDEN "MUST" SELL THE VIGGEN ABROAD IN ORDER TO BE ABLE TO AFFORD CONTINUED PRODUCTION OF THIS SOPHISTICATED WEAPONS SYSTEM. HE ASKED THE RHETORICAL QUESTION, "IF NOT TO INDIA, TO WHOM CAN WE SELL THE VIGGEN?" I REITERATED THAT USG POLICY REMAINS THAT EACH REQUEST FROM A FOREIGN GOVERNMENT FOR THE REEXPORT OF U.S.-ORIGIN EQUIPMENT BE CONSIDERED ON A CASE-BY-CASE BASIS. THEREFORE, IF THE GOS AND SAAB-SCANIA WISHED TO MARKET THE VIGGEN TO ANY OTHER COUNTRY, A FORMAL REQUEST SHOULD BE MADE BY THE GOS AND IT WOULD BE GIVEN CAREFUL CONSIDERATION.

3. CONTINUING, MILEIKOWSKY SAID THAT AUSTRIA WOULD BE A POSSIBILITY AS A MARKET FOR THE VIGGEN, AND WONDERED WHAT THE USG RESPONSE WOULD BE TO SALE OF THE VIGGEN TO THAT COUNTRY. I REPLIED THAT IT WOULD BE IMPOSSIBLE FOR THIS EMBASSY TO SPECULATE ON WHETHER EXPORT OF THE VIGGEN TO AUSTRIA OR ANY COUNTRY WOULD BE ACCEPTABLE, AND REPEATED AGAIN THE NECESSITY FOR THE GOS TO MAKE FORMAL APPLICATION IF THIS WERE ITS INTENT.

4. MILEIKOWSKY ALSO NOTED THAT DISCUSSIONS ABOUT THE VIGGEN HAD BEEN HELD WITH THE AUSTRALIANS. HE SAID THE AUSTRALIANS ARE INTERESTED, BUT FOR THE NEXT COUPLE OF YEARS WILL BE FOCUSING THEIR DEFENSE EFFORTS ON DEVELOPMENT AND PURCHASE OF ANTI-SUBMARINE WARFARE EQUIPMENT. HOWEVER, MILEIKOWSKY CONTINUED, THE AUSTRALIANS HAVE INDICATED THEY MIGHT BE INTERESTED IN PURCHASE OF THE VIGGEN "IN TWO OR THREE YEARS." HE NOTED THAT SWedes HAD IN MIND A SPECIAL VERSION OF THE VIGGEN, ADAPTED TO AUSTRALIAN NEEDS, IF THE ORDER WERE OBTAINED. I COMMENTED THAT WHILE I COULD NOT PREDICT THE RESPONSE TO A SWEDISH REQUEST TO MARKET THE VIGGEN TO AUSTRALIA, SPEAKING PERSONALLY, I FELT THAT SOME OF THE OBJECTIONS PRESENT IN THE INDIAN CASE WOULD NOT RPT NOT BE PERTINENT RE POSSIBLE SALES TO AUSTRALIA. AGAIN I EMPHASIZED THAT EACH APPLICATION WOULD BE CONSIDERED ON ITS OWN MERITS.

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5. MILEIKOWSKY THANKED ME, AND SAID SAAB-SCANIA WOULD HAVE TO COME UP WITH ALTERNATIVE MARKETS TO INDIA FOR EXPORT OF THE VIGGEN. I ASSURED HIM WE WOULD CONSIDER ANY FORMAL APPLICATION BY THE GOS CAREFULLY. WE WILL ALSO NOTIFY THE MFA OF US DECISION.

SMITH

NOTE BY OC/T: NOT PASSED ABOVE ADDRESSEES.

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NNN

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Margaret P. Grafeld
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